

Message Text

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TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: APUB, BR

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 5,640,000 TO VARIG (VIACAO AEREA RIO GRANDENSE) OF BRAZIL. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, FRIDAY, NOVEMBER 15, 1974.

QUOTE: EXIMBANK CREDIT OF DOLS 5,640,000 SUPPORTS DOLS 18.8 MILLION SALE OF U.S. JET AIRCRAFT TO BRAZIL

TO HELP FINANCE AN DOLS 18.8 MILLION SALE OF TWO NEW BOEING 737-200 JET AIRCRAFT WITH RELATED SPARE PARTS, EQUIPMENT AND SERVICES TO BRAZIL, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 5,640,000 TO FINANCE 30 PERCENT OF THE TOTAL

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U.S. COSTS. A CREDIT OF DOLS 11,280,000 FROM PRIVATE SOURCES NOT YET DESIGNATED, WILL FINANCE 60 PERCENT OF THE U.S. COSTS. THE

OBLIGOR, VARIG (VIACAO AEREA RIO-GRANDENSE) OF BRAZIL, WILL
MAKE CASH PAYMENT OF THE BALANCE OF
THE U.S. COSTS OF 10 PERCENT OR DOLS 1,880,000.

DELIVERY OF THE TWO 737 CARGO JET AIRCRAFT BY THE BOEING COMPANY
OF SEATTLE, WASHINGTON, WILL OCCUR IN JULY 1975.

THE LOANS ARE TO BE REPAYED IN 20 SEMIANNUAL INSTALLMENTS BEGINNING
JANUARY 5, 1976. EXIMBANK'S DIRECT CREDIT OF DOLS 5,640,000
WILL BE REPAYED OUT OF THE LAST 7 INSTALLMENTS WITH INTEREST AT THE
RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION
OF THE CREDIT FROM THE PARTICIPATING COMMERCIAL BANK RESULTS
IN AN INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES,
OF ABOUT 10.5 PERCENT TO 10.75 PERCENT PER ANNUM. REPAYMENT
OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY BANCO NACIONAL DE
DESENVOLVIMENTO ECONOMICO ON BEHALF OF THE NATIONAL TREASURY
OF BRAZIL. UNQUOTE. INGERSOLL

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